

Broker seeks buyer for Chicago Spire debt

By Ryan Ori March 14, 2013

The primary lender on the failed Chicago Spire development has hired a broker to sell nearly \$93 million of debt on the high-profile site, a step to revive activity where a deep hole along Lake Shore Drive and the Chicago River has sat untouched for five years.

Ireland's National Asset Management Agency hired Chicago-based Jones Lang LaSalle Inc. to seek buyers for the loan on the parcel, three years after now-defunct Anglo Irish Bank Corp. filed a \$77 million **foreclosure suit** on the site, where Irish developer Garrett Kelleher planned a 150-story condominium tower.

Spectacular plans for the Spire called for a 2,000-foot skyscraper — the tallest in the Western Hemisphere and about 500 feet higher than Willis Tower — with nearly 1,200 units, including a penthouse listed for \$40 million. The corkscrew-shaped high-rise was designed by architect Santiago Calatrava.

But Mr. Kelleher, who bought the parcel near Lake Michigan for \$64 million in 2006, never got beyond digging a large hole before the real estate market soured and construction halted in 2008.

NAMA, which has assumed the debt from Anglo Irish, sought out a brokerage to recoup as much value as it can from the loan. A NAMA representative confirmed hiring Jones Lang but declined further comment.

The buyer of the debt, likely a developer interested in putting condos, apartments or both on the 2.2-acre site, would need to settle the foreclosure case before beginning work on what could be a multitower project built in phases. The bank note has grown to about \$92.8 million, including taxes, penalties, interest and other fees, sources said.

Residential and hotel developers have been circling the site the past few years, but none could come up with a deal before NAMA hired Jones Lang.

PREMIER LOCATION

It's a premier location for residential development, though high-rise downtown condo development remains dormant. The market for apartments is much stronger, but a multifamily developer that buys the site would be a latecomer to a construction boom that has some observers concerned about a potential glut.

The site could benefit from having zoning for a massive project already in place. But in today's real estate climate, a super-tall condo building would be virtually impossible to finance, meaning some zoning changes could be sought to build multiple smaller towers, said Garry Benson, president and CEO of Chicago-based real estate consultant Garrison Partners Inc., who is not involved in the project.

"You're never going to get the value of the (current zoning) because that project is never going to happen today with lenders," Mr. Benson said. "I think it would probably be programmed as rental, with some type of future exit into (condo) conversion."

Mr. Benson describes the site as "a little bit like living at Disney World because of the proximity to Navy Pier," but said a red-hot investment market for apartments could ramp up interest in the high-profile site from active

developers such as Related Midwest or from institutional investors that have been pouring money into the sector.

"In the last 90 days, everybody who's anybody, the light has gone on and everybody's trying to tie up land for development," Mr. Benson said.
